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**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
**Housing Authority of the Town of Simmesport**  
Simmesport, Louisiana

We have audited the accompanying statement of net assets-enterprise fund of **Housing Authority of the Town of Simmesport (HATS)**, as of December 31, 2007, and the related statements of revenues, expenses and changes in fund net assets and cash flows-enterprise fund for the year then ended. These financial statements are the responsibility of **HATS's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **HATS's** internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **HATS** as of December 31, 2007, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Commissioners  
Housing Authority of the Town of Simmesport  
Simmesport, Louisiana  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008, on our consideration of HATS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 11 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2008



## HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of Housing Authority of the Town of Simmesport (HATS), we offer readers of HATS's financial statements this narrative overview and analysis of the financial activities of HATS for the years ended December 31, 2007 and 2006. We encourage readers to consider the information presented here in conjunction with HATS's audited financial statements.

### FINANCIAL HIGHLIGHTS

The assets of HATS exceeded its liabilities by \$1,188,686 and \$1,281,140 at December 31, 2007 and 2006, respectively. Of these amounts, \$59,571 and \$62,033 at December 31, 2007 and 2006, (*unrestricted net assets*) may be used to meet HATS's ongoing obligations to citizens and creditors.

The remainder of \$1,129,115 and \$1,219,107 at December 31, 2007 and 2006, represent for each year a restriction equal to the net amount invested in land, building, building improvements, equipment and construction-in-progress.

HATS's significant operating expenses for the years ended December 31, 2007 and 2006, were salaries and related benefits, depreciation, materials and supplies, contractual costs, protective services, utilities and insurance.

Grants and subsidies from the Federal government constitutes 99% of its non-operating revenues with dwelling income and related fees accounting for 100% of its operating revenues for the years ended December 31, 2007 and 2006.

# HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

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## OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis (MD&A) is intended to serve as an introduction to HATS's basic financial statements. HATS is a special purpose government engaged in business type activities. Accordingly, HATS's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

On January 1, 2004, HATS adopted *Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*.

## REPORTING ON HATS AS A WHOLE

One of the most important questions asked about HATS's finances, "Is HATS as a whole better off, or worse off, as a result of the achievements of fiscal years 2007 and 2006?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets report information about HATS as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis* accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received and/or spent.

## FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. HATS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. HATS has two federally funded programs that are consolidated into a single enterprise fund.

Low Rent Public Housing - HATS's Low Rent Public Housing Program, rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contributions Contract with HUD. HUD provides an operating subsidy to enable HATS to provide housing at a rent that is based upon 30% of adjusted gross household income of the participant.

## **HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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### **FUND FINANCIAL STATEMENTS, CONTINUED**

Capital Fund Program (CFP) - The Low Rent Public Housing Program also includes the CFP as the primary funding source for HATS's physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of HATS's units.

### **USING THIS ANNUAL REPORT**

HATS's annual report consists of financial statements that show information about HATS's enterprise fund.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this MD&A that the basic financial statements are fairly stated. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### **REPORTING ON HATS's MOST SIGNIFICANT FUND**

HATS's financial statements provide detailed information about its most significant fund. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, HATS may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. HATS's enterprise fund used the following accounting approach:

Proprietary Funds - All of HATS's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The focus of proprietary funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**FINANCIAL ANALYSIS**

HATS's net assets were \$1,188,686 and \$1,281,140 at December 31, 2007 and 2006. Of these amounts, \$59,571 and \$62,033 were unrestricted at December 31, 2007 and 2006. The unrestricted net assets of HATS are available for future use to provide program services.

**Table 1  
Condensed Statement of Net Assets**

The following table represents a condensed Statement of Net Assets as of December 31, 2007 and 2006:

<b>Condensed Statement of Net Assets</b>		
<b>December 31</b>		
	<b>Assets</b>	
	<u>2007</u>	<u>2006</u>
Current assets	\$ 89,736	\$ 82,114
Restricted assets	6,312	6,170
Capital assets, net	<u>1,129,115</u>	<u>1,219,107</u>
Total assets	<u>1,225,163</u>	<u>1,307,391</u>
<b>Liabilities and Net Assets</b>		
Current liabilities	32,248	22,670
Long-term liabilities	<u>4,229</u>	<u>3,581</u>
Total liabilities	<u>36,477</u>	<u>26,251</u>
Net assets:		
Invested in capital assets, net	1,129,115	1,219,107
Unrestricted	<u>59,571</u>	<u>62,033</u>
Total net assets	<u>\$ 1,188,686</u>	<u>\$ 1,281,140</u>

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**FINANCIAL ANALYSIS, CONTINUED**

**Table 2**

**Condensed Statements of Revenues and Expenses and Changes in Fund Net Assets**

The following table reflects the condensed Statements of Revenues, Expenses, and Changes in Fund Net Assets for the years ended December 31, 2007 and 2006:

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Assets  
For the Years ended December 31**

	<u>2007</u>	<u>2006</u>
<b>Revenues:</b>		
Operating revenues	\$ <u>95,316</u>	\$ <u>83,183</u>
Total operating revenues	<u>95,316</u>	<u>83,183</u>
<b>Expenses:</b>		
Operating expenses	<u>350,088</u>	<u>349,038</u>
Total operating expenses	<u>350,088</u>	<u>349,038</u>
Non-operating revenues	<u>162,317</u>	<u>221,127</u>
Total non-operating revenues	<u>162,317</u>	<u>221,127</u>
Change in net assets	(92,455)	(44,728)
Net assets, beginning of year	<u>1,281,141</u>	<u>1,325,868</u>
Net assets, end of year	\$ <u>1,188,686</u>	\$ <u>1,281,140</u>

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**EXPLANATIONS OF FINANCIAL ANALYSIS**

Overall, net assets decreased by 7.2% from 2006 to 2007 and increased by 3.3% from 2005 to 2006. The primary causes for the net changes follow:

- Change in net assets decreased by \$44,728 for 2006 and \$92,455 for 2007 as further described below.
- The decreases in both 2007 and 2006 were the result of a decline in the level of operating capital funds made available to HATS.
- The increase in cash at 2007 from 2006 of eleven (11%) percent is due to the timing in the liquidation of HATS's current obligations.

Compared with 2006, total operating and non-operating revenues during 2007 decreased by \$46,677 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Federal revenues from HUD for operations increased from \$128,462 in 2006 to \$137,377 for the year ended December 31, 2007, principally due to the past operations performance. The determination of the operating grant is based upon a three year average of past operations and performance.
- Capital funds for modernization projects decreased from \$91,749 in 2006 to \$24,070 for the year ended December 31, 2007, primarily due to funding availability from HUD.

Compared with 2005, total operating and non-operating revenues during 2006 increased by \$30,581 from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Federal revenues from HUD for operations decreased from \$102,593 in 2005 to \$116,632 for the year ended December 31, 2006, principally due to the past operations performance. The determination of the operating grant is based upon a three year average of past operations and performance.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**EXPLANATIONS OF FINANCIAL ANALYSIS, CONTINUED**

- Capital funds for modernization projects increased from \$127,338 in 2005 to \$103,579 for the year ended December 31, 2006, primarily due to funding availability from HUD.

Compared with 2006 year, total operating expense during 2007 increased from \$349,048 in 2006 to \$350,088 for the year ended December 31, 2007.

Reasons for most of these changes are listed below:

- Salaries and related benefits increased by \$13,332 or 16% as a result of salary adjustments for all personnel.
- Materials decreased by \$9,389 or 26% due to the leveling of modernization activity of HATS's housing stock.
- Depreciation expense increased by \$4,357 or 4% due to capital asset additions placed in service.

Compared with 2005, total operating expenses during 2006 increased from \$303,773 in 2005 to \$349,048 for the year ended December 31, 2006.

Reasons for most of these changes are listed below:

- Materials increased by \$12,561 or 45% and maintenance contract increased by \$7,965 or 34% due to increased maintenance and repair activity.
- Depreciation expense increased by \$8,149 or 8% due to capital asset additions placed in service.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At December 31, 2007 and 2006, HATS had \$1,129,115 and \$1,219,107 invested in a broad range of capital assets, including land, buildings and building improvements, furniture and equipment and construction-in-progress. This amount represents a net decrease (including additions, deductions and depreciation) of \$89,992, or 7% from last year. More detailed information about capital assets appears in the notes to the accompanying financial statements.

**Capital Assets  
December 31**

	<u>2007</u>	<u>2006</u>
Capital assets	\$ 2,593,076	\$ 2,565,464
Less accumulated depreciation	<u>(1,463,961)</u>	<u>(1,346,357)</u>
Capital assets, net	\$ <u>1,129,115</u>	\$ <u>1,219,107</u>

The net change in capital assets was 7% primarily due to the effect of depreciation expense and modernization of HATS's housing stock.

No debt was issued for these additions.

***Debt***

Our long-term debt consists of accrued annual leave of \$4,229. We present more detailed information about our long-term liabilities in the notes to the accompanying financial statements.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

HATS is primarily dependent upon HUD for the funding of its operations; therefore HATS is affected more by the Federal budget than by local economic conditions. The operating subsidy for the fiscal year ending December 31, 2008 has been approved by HUD. HUD has approved the 2007 Capital Fund Program budget in the amount of \$86,197. The 2006 Capital Fund Program had \$28,951 of remaining funds at December 31, 2007.

**CONTACTING HATS FOR ADDITIONAL INFORMATION**

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of HATS's finances and to show HATS's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Pamela Adams, Executive Director, at the Housing Authority of the Town of Simmesport, P.O. Box 131, Simmesport, Louisiana 71369, telephone number (318) 941-2806.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
STATEMENT OF NET ASSETS--ENTERPRISE FUND  
DECEMBER 31, 2007**

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**ASSETS**

Current Assets:

Unrestricted:

Cash (NOTE 2)	\$ 66,334
Amounts receivable, net (NOTE 9)	13,114
Prepaid items (NOTE 10)	<u>10,288</u>

Total unrestricted current assets	<u>89,736</u>
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Restricted:

Cash (NOTE 3)	<u>6,312</u>
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Total restricted current assets	<u>6,312</u>
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Total current assets	<u>96,048</u>
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Non-Current Assets:

Capital assets, net (NOTES 4 and 11)	<u>1,129,115</u>
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Total non-current assets	<u>1,129,115</u>
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Total assets	<u>1,225,163</u>
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**LIABILITIES**

Current Liabilities:

Amounts and other payables (NOTE 5)	22,631
Compensated absences payable (NOTE 13)	3,305
Security deposits held for tenants (NOTE 3)	<u>6,312</u>

Total current liabilities	<u>32,248</u>
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Non-Current Liabilities:

Compensated absences payable (NOTE 13)	<u>4,229</u>
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Total non-current liabilities	<u>4,229</u>
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Total liabilities	<u>36,477</u>
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**NET ASSETS**

Invested in capital assets, net	1,129,115
Unrestricted	<u>59,571</u>

\$ 1,188,686

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS--ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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Operating Revenues:	
Dwelling rental	\$ 94,485
Fees and charges	<u>831</u>
Total operating revenues	<u>95,316</u>
Operating Expenses:	
Salaries and employee benefits	95,905
Materials and supplies	26,716
Contractual services	26,736
Utilities	23,544
Depreciation	117,604
Insurance	19,987
Telephone	3,343
Convention and travel	7,126
Payments in lieu of taxes	7,094
Postage and printing	862
Protective services	10,432
Board per diem	3,125
Other	4,883
Computer expense	2,131
Bad debt	<u>600</u>
Total operating expenses	<u>350,088</u>
Operating loss	<u>(254,772)</u>
Non-operating Revenues:	
Grants and subsidies	161,447
Interest income	670
Gain on sale of assets	<u>200</u>
Total non-operating revenues	<u>162,317</u>
Change in net assets	(92,455)
Net assets, beginning of year	<u>1,281,141</u>
Net assets, end of year	<u>\$ 1,188,686</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**STATEMENT OF CASH FLOWS--ENTERPRISE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

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Cash Flows from Operating Activities:	
Receipts from tenants	\$ 95,379
Receipts from others	870
Payments to vendors for goods and services	(126,847)
Payment to employees	<u>(95,873)</u>
 Net cash used by operating activities	 <u>(126,471)</u>
 Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	<u>(27,612)</u>
 Cash used by capital and related financing activities	 <u>(27,612)</u>
 Cash Flows from Noncapital Financing Activities:	
Subsidy from federal grants	<u>161,501</u>
 Cash provided by noncapital financing activities	 <u>161,501</u>
 Net increase in cash	 7,418
 Cash, beginning of year	 <u>65,228</u>
 Cash, end of year	 \$ <u>72,646</u>

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**STATEMENT OF CASH FLOWS--ENTERPRISE FUND.**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

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Reconciliation of Operating Loss to Net Cash Used  
by Operating Activities:

Operating loss	\$ (254,772)
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Adjustment to reconcile operating loss to net cash  
used by operating activities:

Depreciation	117,604
Bad debts	600
Gain on sale of assets	200

Changes in assets and liabilities:

Increase in amounts receivable, net	(3,315)
Decrease in prepaid items	2,977
Increase in amounts and other payables	8,828
Increase in security deposits held for tenants	142
Increase in compensated absences payable	<u>1,265</u>

Net cash used by operating activities	\$ <u>(126,471)</u>
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The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Summary of Significant Accounting Policies:**

**Background**

The **Housing Authority of the Town of Simmesport (HATS)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. HATS has been contracted by HUD to administer the Low-Income Housing Program under an Annual Contributions Contract.

As of December 31, 2007, HATS was primarily engaged in the administration of a Low-Income Housing Program to low-income residents in the town of Simmesport, Louisiana. Under the above program, HATS provides eligible families housing under leasing arrangements.

**Financial Reporting Entity**

HATS has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the Town of Simmesport.

Government Accounting Standards Board (GASB), Statement No. 14 "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 1 - Summary of Significant Accounting Policies, Continued**

**Financial Reporting Entity, Continued**

**HATS** was established as a separate legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB's 14 and 39. Accordingly, management has concluded that **HATS** is a financial reporting entity within the meaning of the provisions of GASB's 14 and 39. Accordingly, **HATS** is not a component unit of the financial reporting entity of the Town of Simmesport. Also, **HATS** has no component unit as described within the provisions of GASB No.'s 14 and 39.

**Basis of Presentation**

As required by LSA-R.S. 24:514 and HUD regulations, financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of **HATS** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

**Proprietary Fund Type** - Proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HATS** applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting and reporting for its proprietary operations. **HATS's** fund includes the following type:

**Enterprise Fund** - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. . .

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Proprietary Fund Type, Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and providing goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of HATS's funds are rent and maintenance charges to residents. Operating expenses for HATS's proprietary funds include the administrative costs of providing services to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

HATS has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "*Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*". Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It requires the classification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued

Measurement Focus and Basis of Accounting and Financial  
Statement Presentation, Continued

- *Restricted* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The term measurement focus is used to denote what is being measured and reported in HATS's operating statement. HATS's financial statements are reported on using the flow of economic resources measurement focus and accrual basis of accounting. The fundamental objective of this focus is to measure whether HATS is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on HATS's operating statement. HATS uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**Basis of Presentation, Continued**

Under the provisions of GASB 33 Standards, HATS recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- HATS recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met;
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by HATS as deferred revenues upon award; and
- Transactions with no time requirement (s) are recorded by HATS as revenues upon award.

**Budgets**

HATS prepares an annual budget for its proprietary fund. Prior to the beginning of the calendar year on January 1, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HATS does not present its budget to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America does not require such, despite adoption of an annual budget by the Board.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For purposes of the statement of cash flows, HATS considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments. At December 31, 2007, HATS had no temporary cash investments.

Capital Assets

Capital assets are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When no historical records are available, capital assets are valued at estimated historical cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued:

Capital Assets, Continued

Structures and equipment with cost of \$1,000 or more are capitalized and depreciated in the enterprise fund of HATS using the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Building	40
Building improvements	15
Equipment	3-7

Depreciation is computed using the straight-line method. Under accounting principles generally accepted in the United States of America, capital assets are to be reviewed for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. At December 31, 2007, management has reviewed and noted no impairments pursuant to GASB No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries".

Compensated Absences

HATS follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**Interprogram Activities**

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs.

Interprogram activities have been eliminated at the combined financial statements level.

**Amounts Receivable**

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America. It is the practice of HATS to expense uncollectible receivables upon determination of uncollectibility using the allowance method.

**Total Memorandum Only**

The total column on the combining financial statements in the supplementary information section of this report are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Cash:**

At December 31, 2007, the carrying amount of HATS's cash deposits was \$66,334 and the bank balance was \$73,361. The bank balance is covered by federal depository insurance and collateral held by the pledging institutions' agent in HATS's name.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of HATS.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, HATS's deposit may not be returned to it. HATS has no deposit policy for custodial credit risk.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana, or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by HATS or with an unaffiliated bank or trust company for the account of HATS.

**NOTE 3 - Restricted Cash:**

At December 31, 2007, restricted cash consisted of \$6,312 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market. Also, at December 31, 2007, the carrying amount of HAT's cash deposit and bank balance was \$6,312.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Capital Assets, Net:**

At December 31, 2007, capital assets consisted of the following:

	January 1, 2007	Additions	Transfers	Balance December 31, 2007
Land	\$ 62,612	\$ -0-	\$ -0-	\$ 62,612
Buildings and building improvements	2,450,924	24,995	-0-	2,475,919
Equipment	47,034	3,542	3,969	54,545
Construction-in-progress	4,894	-0-	(4,894)	-0-
Sub-total	2,565,464	28,537	(925)	2,593,076
Less accumulated depreciation	(1,346,357)	(117,604)	-0-	(1,463,961)
Total	<u>\$ 1,219,107</u>	<u>\$ (89,067)</u>	<u>\$ (925)</u>	<u>\$ 1,129,115</u>

**NOTE 5 - Amounts and Other Payables:**

At December 31, 2007, amounts and other payables consisted of the following:

Accounts payable-vendors	\$ 8,979
Payments in lieu of taxes	12,854
Accrued taxes payable	<u>798</u>
Total	<u>\$ 22,631</u>

**NOTE 6 - Risk Management:**

HATS is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which HATS carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 7 - Concentration of Credit Risk:**

**HATS** receives primarily all of its revenues from dwelling rentals and grants from HUD. If the amount of revenues received from both dwelling rentals and HUD falls below contract or budgeted levels, **HATS's** operating results could be adversely affected.

**NOTE 8 - Contingencies:**

**HATS** is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HATS**. These examinations may result in required refunds by **HATS** to the agencies and/or program beneficiaries.

**NOTE 9 - Amounts Receivable, Net:**

At December 31, 2007, amounts receivable, net consisted of the following:

Amounts receivable - HUD	\$ 9,553
Amounts receivable - tenants	2,706
Amounts receivable - miscellaneous	<u>2,003</u>
	14,262
Less allowance for doubtful accounts	<u>(1,148)</u>
Amounts receivable, net	\$ <u>13,114</u>

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 10 - Prepaid Items:

At December 31, 2007, prepaid items consisted of \$4,839 in prepaid insurance and \$5,449 in materials inventory.

NOTE 11 - Commitments:

At December 31, 2007, HATS has executed agreements with HUD totaling \$84,209 for various modernization projects in progress. Balance of funds remaining at December 31, 2007 was \$28,951 (see Schedule IV).

NOTE 12 - Per Diem Paid to Board of Commissioners:

The Board of Commissioners of HATS in their capacity as board members received minimum per diem of \$50 for each board meeting attended. Total per diem to all commissioners for the year ended December 31, 2007 was \$3,125.

NOTE 13 - Changes in Compensated Absences Payable:

At December 31, 2007, analysis of changes in HATS's non-current liabilities consisting of compensated absences follows:

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Beginning of year	\$ 2,697	\$ 3,581	\$ 6,278
Addition	5,428	648	6,076
Retirement	<u>(4,820)</u>	<u>-0-</u>	<u>(4,820)</u>
End of year	<u>\$ 3,305</u>	<u>\$ 4,229</u>	<u>\$ 7,534</u>

## **SUPPLEMENTARY INFORMATION**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners  
**Housing Authority of the Town of Simmesport**  
Simmesport, Louisiana

Our report on our audit of the financial statements of **Housing Authority of the Town of Simmesport (HATS)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as whole.

The supplementary information (Schedules II through V), which is required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT**  
**ON**  
**SUPPLEMENTARY INFORMATION**  
**(CONTINUED)**

Also, the supplementary information (Exhibits I and II), which is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements, has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 24, 2008

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND  
DECEMBER 31, 2007**

	PHA Owned <u>Housing Program</u>	Capital Fund <u>Program</u>	Total (Memorandum Only)
<b>ASSETS</b>			
Cash	\$ 66,334	\$ -0-	\$ 66,334
Restricted cash	6,312	-0-	6,312
Amounts receivable, net	3,561	-0-	3,561
Amounts receivable - HUD	-0-	9,553	9,553
Prepaid items	4,839	-0-	4,839
Inventories	5,449	-0-	5,449
Interprogram due from	9,553	-0-	9,553
Capital assets, net	<u>1,100,691</u>	<u>28,424</u>	<u>1,129,115</u>
Total assets	\$ <u>1,196,739</u>	\$ <u>37,977</u>	\$ <u>1,234,716</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND, CONTINUED**  
**DECEMBER 31, 2007**

	PHA Owned Housing Program	Capital Fund Program	Total (Memorandum Only)
<b><u>LIABILITIES</u></b>			
Amounts and other payables	\$ 22,631	\$ -0-	\$ 22,631
Compensated absences payable	7,534	-0-	7,534
Security deposits held for tenants	6,312	-0-	6,312
Interprogram due from	<u>-0-</u>	<u>9,553</u>	<u>9,553</u>
Total liabilities	<u>36,477</u>	<u>9,553</u>	<u>46,030</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net	1,100,691	28,424	1,129,115
Unrestricted	<u>59,571</u>	<u>-0-</u>	<u>59,571</u>
Total net assets	<u>\$ 1,160,262</u>	<u>\$ 28,424</u>	<u>\$ 1,188,686</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS--ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	PHA Owned Housing Program	Capital Fund Program	Total (Memorandum Only)
Operating Revenues:			
Dwelling rental	\$ 94,485	\$ -0-	\$ 94,485
Fees and charges	<u>831</u>	<u>-0-</u>	<u>831</u>
Total operating revenues	<u>95,316</u>	<u>-0-</u>	<u>95,316</u>
Operating Expenses:			
Salaries and employee benefits	95,905	-0-	95,905
Materials and supplies	26,716	-0-	26,716
Contractual services	26,736	-0-	26,736
Utilities	23,544	-0-	23,544
Depreciation	116,172	1,432	117,604
Insurance	19,987	-0-	19,987
Telephone	3,343	-0-	3,343
Convention and travel	7,126	-0-	7,126
Payments in lieu of taxes	7,094	-0-	7,094
Postage and printing	862	-0-	862
Protective services	10,432	-0-	10,432
Board per diem	3,125	-0-	3,125
Other	4,883	-0-	4,883
Computer expense	2,131	-0-	2,131
Bad debts	<u>600</u>	<u>-0-</u>	<u>600</u>
Total operating expenses	<u>348,656</u>	<u>1,432</u>	<u>350,088</u>
Operating loss	<u>(253,340)</u>	<u>(1,432)</u>	<u>(254,772)</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS--ENTERPRISE FUND, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2007

	PHA Owned Housing Program	Capital Fund Program	Total (Memorandum Only)
Non-operating revenues:			
Grants and subsidies	\$ 112,135	\$ 49,312	\$ 161,447
Interest income	670	-0-	670
Gain/loss on sale of assets	200	-0-	200
Total non-operating revenues	<u>113,005</u>	<u>49,312</u>	<u>162,317</u>
Income (loss) before other financing sources (uses)	<u>(140,335)</u>	<u>47,880</u>	<u>(92,455)</u>
Other financing sources(uses):			
Operating transfer in	25,242	-0-	25,242
Operating transfer out	-0-	(25,242)	(25,242)
Total other financing sources (uses)	<u>25,242</u>	<u>(25,242)</u>	<u>-0-</u>
Change in net assets	<u>(115,093)</u>	<u>22,638</u>	<u>(92,455)</u>
Net assets, beginning of year	<u>1,275,355</u>	<u>5,786</u>	<u>1,281,141</u>
Net assets, end of year	<u>\$ 1,160,262</u>	<u>\$ 28,424</u>	<u>\$ 1,188,686</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development:		
<u>Subject to Annual Contributions Contracts</u>		
PHA Owned Housing Program	14.850a	\$ 112,135
Capital Fund Program	14.872	<u>49,312</u>
Total		<u>\$ 161,447</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HATS and is presented on an accrual basis of accounting.

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET**  
**DECEMBER 31, 2007**

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
111	Cash - unrestricted	\$ 66,334	\$ -0-	\$ 66,334
114	Cash - tenant security deposits	<u>6,312</u>	<u>-0-</u>	<u>6,312</u>
100	Total cash	<u>72,646</u>	<u>-0-</u>	<u>72,646</u>
122	Accounts receivable - HUD other projects	-0-	9,553	9,553
125	Accounts receivable - miscellaneous	2,003	-0-	2,003
126	Accounts receivable - tenant dwelling rents	1,411	-0-	1,411
126.1	Allowance for doubtful accounts - dwelling rents	(1,148)	-0-	(1,148)
128	Fraud recovery	<u>1,295</u>	<u>-0-</u>	<u>1,295</u>
120	Total receivables, net of allowance for doubtful accounts	<u>3,561</u>	<u>9,533</u>	<u>13,114</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED**  
**DECEMBER 31, 2007**

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
142	Prepaid expenses and other assets	\$ 4,839	\$ -0-	\$ 4,839
143	Inventories	5,449	-0-	5,449
144	Interprogram due from	<u>9,553</u>	<u>-0-</u>	<u>9,553</u>
150	Total current assets	<u>96,048</u>	<u>9,553</u>	<u>105,601</u>
161	Land	62,612	-0-	62,612
162	Buildings	2,450,924	24,995	2,475,919
163	Furniture, equipment & machinery - dwellings	21,013	4,961	25,974
164	Furniture, equipment & machinery - administration	28,571	-0-	28,571
166	Accumulated depreciation	<u>(1,462,429)</u>	<u>(532)</u>	<u>(1,463,961)</u>
160	Total fixed assets, net of accumulated depreciation	<u>1,100,691</u>	<u>28,424</u>	<u>1,129,115</u>
180	Total non-current assets	<u>1,100,691</u>	<u>28,424</u>	<u>1,129,115</u>
190	Total assets	<u>\$ 1,196,739</u>	<u>\$ 37,977</u>	<u>\$ 1,234,716</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED**  
**DECEMBER 31, 2007**

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
312	Accounts payable ≤ 90 days	\$ 8,979	\$ -0-	\$ 8,979
321	Accrued wage/payroll taxes payable	798	-0-	798
322	Accrued compensated absences - current portion	3,305	-0-	3,305
333	Accounts payable - other government	12,854	-0-	12,854
341	Tenant security deposits	6,312	-0-	6,312
347	Interprogram due to	-0-	9,553	9,553
310	Total current liabilities	32,248	9,553	41,801
354	Accrued compensation absences - non-current	4,229	-0-	4,229
350	Total non-current liabilities	4,229	-0-	4,229
300	Total liabilities	36,477	9,553	46,030

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE—COMBINING BALANCE SHEET, CONTINUED**  
**DECEMBER 31, 2007**

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
508.1	Invested in Capital Assets, net of related debt	\$ 1,100,691	\$ 28,424	\$ 1,129,115
512.1	Unrestricted net assets	<u>59,571</u>	<u>-0-</u>	<u>59,571</u>
513	Total equity	<u>1,160,262</u>	<u>28,424</u>	<u>1,188,686</u>
600	Total liabilities and equity/net assets	<u>\$ 1,196,739</u>	<u>\$ 37,977</u>	<u>\$ 1,234,716</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
703	Net tenant rental revenues	\$ 94,485	\$ -0-	\$ 94,485
704	Tenant revenue - other	<u>831</u>	<u>-0-</u>	<u>831</u>
705	Total tenant revenues	95,316	-0-	95,316
706	HUD PHA operating grants	112,135	25,242	137,377
706.1	Capital grants	-0-	24,070	24,070
711	Investment income - unrestricted	670	-0-	670
716	Gain/loss on asset sales	<u>200</u>	<u>-0-</u>	<u>200</u>
700	Total revenues	<u>208,321</u>	<u>49,312</u>	<u>257,633</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
911	Administrative salaries	\$ 40,621	\$ -0-	\$ 40,621
912	Auditing fees	8,500	-0-	8,500
914	Compensated absences	1,256	-0-	1,256
915	Employee benefit contributions-administrative	3,108	-0-	3,108
916	Other operating-administrative	28,271	-0-	28,271
931	Water	4,591	-0-	4,591
932	Electricity	12,636	-0-	12,636
938	Other utilities expense	6,317	-0-	6,317
941	Ordinary maintenance and operating-labor	<u>46,537</u>	<u>-0-</u>	<u>46,537</u>
	Page total	<u>151,837</u>	<u>-0-</u>	<u>151,837</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
942	Ordinary maintenance and operations- materials and other	\$ 26,002	\$ -0-	\$ 26,002
943	Ordinary maintenance and operations- contracts costs	12,149	-0-	12,149
945	Employee benefit contributions- ordinary maintenance	4,383	-0-	4,383
952	Protective services	10,432	-0-	10,432
961	Insurance premiums	19,987	-0-	19,987
963	Payments in lieu of taxes	7,094	-0-	7,094
964	Bad debts	<u>600</u>	<u>-0-</u>	<u>600</u>
969	Total operating expenses	<u>232,484</u>	<u>-0-</u>	<u>232,484</u>
970	Excess of operating revenues over (under) operating expenses	<u>(24,163)</u>	<u>49,312</u>	<u>25,149</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**  
**SIMMESPORT, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

<u>Line Item No.</u>	<u>Account Description</u>	<u>PHA Owned Housing Program</u>	<u>Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
	Other Expenses:			
974	Depreciation expense	\$ 116,172	\$ 1,432	\$ 117,604
900	Total expenses	348,656	1,432	350,088
	Other financing sources (uses):			
1001	Operating transfers in	25,242	-0-	25,242
1002	Operating transfers out	-0-	(25,242)	(25,242)
1010	Total other financing sources (uses):	25,242	25,242	-0-
1000	Excess (deficiency) of revenues over expenses	(115,093)	22,638	(92,455)
1103	Beginning equity/net assets	1,121,693	159,447	1,281,140
1104	Prior period adjustments, equity transfers and correction of errors	153,662	(153,661)	1
	Beginning equity/net assets, as adjusted	\$ 1,275,355	\$ 5,786	\$ 1,281,141
1120	Unit months available	672	-0-	672
1121	Number of unit months leased	645	-0-	645

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
STATEMENT OF CAPITAL FUND PROGRAM COST (INCOMPLETE)  
FROM INCEPTION THROUGH DECEMBER 31, 2007**

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	<u>LA48P072-501-06</u>
Funds approved	\$ 84,209
Funds expended	<u>(55,258)</u>
Excess (deficiency) of funds approved	\$ <u>28,951</u>
 Funds Advanced:	
Grant funding	\$ <u>45,705</u>
Total funds advanced	<u>45,705</u>
Funds expended	<u>(55,258)</u>
Excess (deficiency) of funds advanced	\$ <u>(9,553)</u>

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE V**

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
STATEMENT OF CAPITAL FUND PROGRAM COST (COMPLETE)  
FROM INCEPTION THROUGH DECEMBER 31, 2007**

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	<u>LA48P072-D1-04</u>	<u>LA48P072501-05</u>	<u>TOTAL</u>
Funds approved	\$ 103,620	\$ 87,232	\$ 190,852
Funds expended	<u>(103,620)</u>	<u>(87,232)</u>	<u>(190,852)</u>
Excess (deficiency) of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
 Funds Advanced:			
Grant funding	\$ <u>103,620</u>	\$ <u>87,232</u>	\$ <u>190,852</u>
Total funds advanced	<u>103,620</u>	<u>87,232</u>	<u>190,852</u>
Funds expended	<u>(103,620)</u>	<u>(87,232)</u>	<u>(190,852)</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

NOTE: The distribution of costs as shown on the line of credit control system and the total award per the approved Form HUD 53012 (Capital Fund Program (CFP)) Amendment to the Consolidated Annual Contributions Contract is in agreement with HATS's records, and all costs and liabilities associated with the project have been paid.

See Independent Auditors' Report on Supplementary Information.



Member  
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Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
**Housing Authority of the Town of Simmesport**

We have audited the financial statements of **Housing Authority of the Town of Simmesport (HATS)** as of and for the year ended December 31, 2007, and have issued our report thereon dated June 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered HATS's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of HATS's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of HATS's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Internal Control Over Financial Reporting, Continued**

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects HATS's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of HATS's financial statements that is more than inconsequential will not be prevented or detected by HATS's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2007-01 be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by HATS's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness. Also, we noted other matters involving the internal control over financial reporting that we have reported to management of HATS in a separate letter dated June 24, 2008.

INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether HATS's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

HATS's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Responses under the caption "Management's Response" or "Current Status." We did not audit HATS's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Board of Commissioners, HATS's management, the Legislative Auditor, State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

June 24, 2008

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
o Material weakness(es) identified?	No
o Control deficiency (ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal Control Over Major Programs:	
o Material weakness(es) identified?	N/A
o Control deficiency (ies) identified that are not considered to be material weakness(es)?	N/A
Type of auditor's report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	N/A

N/A - Not applicable

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2007**

---

**Section I - Summary of Auditors' Results, Continued**

***Federal Awards, Continued***

Identification of Major Programs: N/A

Dollar threshold used to distinguish  
between type A and type B programs: N/A

Auditee qualified as low-risk auditee? N/A

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2007**

---

**Section II - Financial Statement Findings and Responses**

**Reference Number**

2007-01

**Federal Award Program**

Low Rent Public Housing and Capital Fund Programs (see Schedule of Expenditures and Federal Awards).

**Criteria**

Management of HATS is responsible for the implementation of a design and operation of internal control to safeguard the assets of HATS.

**Condition**

Considering the size of HATS, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of HATS's assets.

**Context**

Total federal award for the Low Rent Public Housing and Capital Fund Programs was \$161,447 for the year ended December 31, 2007.

**Questioned Costs**

None.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2007**

---

**Section II - Financial Statement Findings and Responses, Continued**

**Reference Number, Continued**

2007-01

**Effect or Potential Effect**

Inadequate protection and safeguarding of HATS's assets.

**Cause**

Size of HATS.

**Recommendation**

We recommend that the Board continue to provide the necessary level of oversight in all key internal control areas. Additionally, the Board should consider the use of committees of the Board in key internal control areas.

**Management's Response**

The Board will continue to provide the necessary oversight.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2007**

---

**Section III - Federal Award Findings and Questioned Costs**

No federal award findings and questioned costs were reported for the year ended December 31, 2007.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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**Section IV - Status of Prior Year's Findings and Questioned Costs**

**Reference Number**

2006-01

**Condition**

Considering the size of HATS, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of HATS's assets.

**Recommendation**

We recommend that the Board continue to provide the necessary level of oversight in all key internal control areas. Additionally, the Board should consider the use of committees of the Board in key internal control areas.

**Current Status**

Unresolved. See current year's finding reference number 2007-01.

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT  
SIMMESPORT, LOUISIANA**

**EXIT CONFERENCE**

---

An exit conference was held with a representative of **Housing Authority of the Town of Simmesport**. The contents of this report were discussed and management is in agreement. Those persons who participated in the discussions are as follows:

**HOUSING AUTHORITY OF THE TOWN OF SIMMESPORT**

Pamela Adams

-- Executive Director

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Paul K. Andoh, Sr., CPA, MBA, CGFM

-- Partner



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Joseph A. Akarji, CPA

**INDEPENDENT AUDITORS' REPORT ON  
OTHER MATTERS RELATED TO INTERNAL CONTROL**

**Ms. Pamela Adams, Executive Director  
Housing Authority of the Town of Simmesport**

In planning and performing our audit of the financial statements of **Housing Authority of the Town of Simmesport (HATS)**, as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America. We considered **HATS's** internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **HATS's** internal control. Accordingly, we do not express an opinion on the effectiveness of **HATS's** internal control.

As a part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. Also, we discussed with management, the current status of prior year's other matters. We previously reported on **HATS's** internal control in our report dated June 24, 2008. This letter does not affect our report dated June 24, 2007 on **HATS's** internal control or its financial statements.

We will review the status of these matters during our next audit engagement. We have already discussed these matters with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations.

**INDEPENDENT AUDITORS' REPORT ON  
OTHER MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

***CURRENT YEAR'S OTHER MATTERS***

**2007**

The following is a listing of our current year's other matters:

**Condition**

Our review of the internal control over financial reporting revealed the following conditions:

- Account balances such as accounts receivable-other, fraud recovery, etc. reported the same balances between years; and
- HATS's current cash disbursement practices do not include evidence of mathematical verification and cancellation of paid invoices.

**Recommendation**

All general ledger account balances should be reviewed and adjusted, if necessary to accurately report the account balances.

Furthermore, all invoices should bear evidence of the clerical accuracy performed to include cancellation upon payment to prevent further use.

**Management's Response**

The accounts referenced in the described condition, will be reviewed with HATS's fee accountant and the necessary adjustments made accordingly.

Also, a stamp has been procured to address the cash disbursement verification and cancellation condition described above.

**INDEPENDENT AUDITORS' REPORT ON  
OTHER MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

***CURRENT YEAR'S OTHER MATTERS***

**2007, Continued**

**Condition**

Currently, HATS does not have a formal written policy to address its custodial risk that results from deposits of funds held by others on its behalf in excess of \$100,000 (Federal Deposit Insurance Corporation limit). However, HATS maintains funds that average less than \$100,000 and has executed a collateral agreement with its financial institution and reviews its adequacy on a periodic basis.

**Recommendation**

We recommend the establishment of a deposit policy to address all deposits of funds with others in excess of the Federal Deposit Insurance Corporation (FDIC) limit.

**Management's Response**

Management has initiated a review of HATS's current policies and procedures and anticipates resolution by no later than September 30, 2008.

**Condition**

Our review of selected cash disbursements for the year ended December 31, 2007 revealed instances where the type and basis for procurement of certain services were not documented.

**Recommendation**

We recommend that management review its current procurement processes with an aim towards ensuring the documentation to reflect the type and basis for the procurement of goods and services in accordance with HATS's procurement policy.

**Management's Response**

Management of HATS will continue to review and document where necessary the type and basis for procurement in all future acquisitions.

**INDEPENDENT AUDITORS' REPORT ON  
OTHER MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

***PRIOR YEAR'S OTHER MATTERS***

**2006 and Prior**

The following is a status of prior year's other matters:

**Condition**

Currently, HATS does not have a formal written policy to address its custodial risk that results from deposits of funds held by others on its behalf in excess of \$100,000 (Federal Deposit Insurance Corporation limit). However, HATS maintains funds that average less than \$100,000 and has executed a collateral agreement with its financial institution and reviews its adequacy on a periodic basis.

**Recommendation**

We recommend the establishment of a deposit policy to address all deposits of funds with others in excess of the Federal Deposit Insurance Corporation (FDIC) limit.

**Current Status**

Unresolved. See current year's section of this report.

**Condition**

Our review of selected cash disbursements for the year ended December 31, 2006 revealed instances where the type and basis for procurement of certain services were not documented.

**Recommendation**

We recommend that management review its current procurement processes with an aim towards ensuring the documentation to reflect the type and basis for the procurement of goods and services in accordance with HATS's procurement policy.

**Current Status**

Partially resolved.

**INDEPENDENT AUDITORS' REPORT ON  
OTHER MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

***PRIOR YEAR'S OTHER MATTERS, CONTINUED***

**2006 and Prior, Continued**

**Condition**

Considering the size of HATS, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of HATS's assets.

**Recommendation**

We recommend that the Board continue to provide the necessary level of oversight in all key internal control areas.

**Current Status**

See current year's finding reference number 2007-01.

**Condition**

HATS has no formal system in place to ensure the periodic evaluation of risk in the category of property, general liability, etc., to ensure the adequacy in insurance coverage.

**Recommendation**

We recommend that a system be established aimed at the periodic evaluation or assessment of the adequacy in insurance coverage.

**Current Status**

Partially resolved. HATS continues to work closely with its insurance agent to ensure the adequacy in insurance coverage.

**INDEPENDENT AUDITORS' REPORT ON  
OTHER MATTERS RELATED TO INTERNAL CONTROL  
(CONTINUED)**

HATS's response to the other matters identified in this report is described under the caption "Management's Response" and "Current Status". We did not audit HATS's response and accordingly, we express no opinion on it.

\*\*\*\*\*

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, Legislative Auditor for the State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

June 24, 2008